INCOMING TELEGRAM — Department of State

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DEPARTMENT OF STATE

INTER-AMERICAN AFFAIRS

JUL 10 1954

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Control: 4042
Rec'd: July 9, 1954
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FROM: Guatemala City

TO: Secretary of State

NO: 58, July 9, 4 p.m.

Embassy's observations on point raised in DEPTEL 13, July 2 as follows.

1. Medical supplies now arriving adequate for foreseeable needs.

2. Should new government appear to need fiscal assistance Embassy will inform Department.

3. See TOUSFO 9 July 9.

4. Embassy believes long-term contract for operation Pacific ports by Grace or any other foreign company likely prove continued irritant to Guatemalan nationals side. Short term contract might be desirable to relieve local government of assumption additional function at this time, although same results could be obtained by allowing company continue port operations for short period while in liquidation. Grace might consider selling physical assets to Guatemalan Government.

5. Proposal UFCO offer new generous contract to Guatemalan government sound and Embassy preparing despatch outlining views on subject. Embassy believes first step by company should be designation high official of broad outlook without record previous service in Guatemala to conduct negotiations. Guatemalan prejudices in many circles strong against persons associated with companys past dealings here.

6. See EMBTEL 46 July 7.

7. Due reports minor local disturbances in rural areas, premature for US authorities issue statement encouraging tourist travel Guatemala. Embassy will notify Department when time seems prop.

8. After recognition Embassy will encourage new government request renewal army and air force mission contracts.

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